

## Message Text

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17

ACTION EA-14

INFO OCT-01 ISO-00 AID-20 IGA-02 EB-11 OMB-01 TRSE-00

CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-07

PA-04 RSC-01 PRS-01 SPC-03 SS-20 USIA-15 DRC-01 /124 W

----- 017711

R 070710Z MAR 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 435

INFO AMEMBASSY VIENTIANE

AMEMBASSY SAIGON

AMEMBASSY PHNOM PENH

C O N F I D E N T I A L TOKYO 3032

E.O. 11652: GDS

TAGS: EAID, EFIN, JA, LA

SUBJ: JAPANESE AID TO LAOS

REF: A. STATE 39609 B. STATE 37335

SUMMARY. GOJ PLANS 1974 FEOF CONTRIBUTION NO LESS THAN 1973 CONTRIBUTION. DISCUSSIONS ON 800 MILLION YEN GRANT FROM FY 73 BUDGET PROCEEDING. GOJ HOPES TO AGREE SOON WITH ADB ON CONDITIONS OF JAPANESE LOAN TO NAM NGUM IL. GOJ WILL CONSIDER ADDITIONAL GRANT AID TO LAOS FOLLOWING

FORMATION OF COALITION GOVERNMENT. END SUMMARY.

1. DURING SEPARATE CONVERSATIONS MAR 5 AND 6, ECONCOM/MIN REVIEWED WITH MIKANAGI, DIRECTOR GENERAL, ECONOMIC COOPERATION BUREAU, FONOFF, AND TAKASHIMA, DIRECTOR GENERAL, ASIAN AFFAIRS BUREAU, PROSPECTS FOR JAPANESE AID TO LAOS. THEIR ASSESSMENT IS AS FOLLOWS:

2. FEOF. GOJ INTENDS TO MAKE 1974 FEOF CONTRIBUTION NO LESS THAN 1973 CONTRIBUTION. (SEE SEPTTEL.)

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3. 800 MILLION YEN GRANT FROM JFY 73 SUPPLEMENTARY

BUDGET (TOKYO 15524). INTERMINISTERIAL DISCUSSIONS ARE CONTINUING ON IMPLEMENTATION OF THIS GRANT. (SASAKI OF SECOND ECONOMIC COOPERATION DIVISION EARLIER TOLD EMBOFF THAT GRANT WILL ULTIMATELY BE USED FOR CONSTRUCTION OF A REFUGEE VILLAGE, PROVISION OF NEEDED COMMODITIES, AND FOR VEHICLES FOR THE JOINT COMMITTEE. SEE VIENTIANE A-123, DEC 5, 1973)

4. NAM NGUM PHASE II. HOPEFULLY, AGREEMENT WITH ASIAN DEVELOPMENT BANK CONCERNING PROCEDURES FOR JAPANESE LOAN FOR THIS PROJECT WILL BE REACHED WITHIN WEEK OR SO. ADB UNFAMILIARITY WITH GOJ LOAN PROCEDURES WAS RESPONSIBLE FOR DELAY, SAID MIKANAGI.

5. FUTURE AID. IF LAOTIAN COALITION GOV'T ESTABLISHED WITHIN NEXT MONTH OR SO, GOJ WILL BEGIN CONSIDERATION OF ADDITIONAL AID TO LAOS. GOJ BELIEVES THAT PATHET LAO APPRECIATES VALUE OF FOREIGN ASSISTANCE IN GENERAL, AND GOJ ASSISTANCE IS NO EXCEPTION. FONOFF HAS NOT DECIDED WHAT KIND OF AID WOULD BE APPROPRIATE IN FUTURE, BUT HAS CONSIDERED GRANT AID FOR EXPANSION OF VIENTIANE WATER DISTRIBUTION SYSTEM AND FOR REFUGEE RELIEF. AS LAOS IS A LEAST LESS DEVELOPED COUNTRY (LLDC), FONOFF IS THINKING OF GRANT AID RATHER THAN LOANS. THE SIZE AND TIMING OF ANY ADDITIONAL GRANT AID WILL DEPEND IN PART ON HOW EFFICIENTLY THE LAOTIANS ARE ABLE TO UTILIZE THE INITIAL JAPANESE GRANT. SHOESMITH

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## Message Attributes

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